

1 Background and the Reasons behind the Introduction of the New Tax

The tax revenue will be used for **enhancing the vitality of local communities in Hokkaido**, as well as for the **satisfaction and convenience of tourists**, shaping Hokkaido into a **tourism nation**.

Hokkaido Tourism Today (“Tourism in Hokkaido Today”?)

- Tourism, with a large number of related industries and high economic impacts, is one of the leading industries which serve the economic development of local communities in Hokkaido.
- Challenges revealed by the COVID pandemic (highly sophisticated and diversified needs of tourists, lack of a far-reaching transport network, workforce shortage, risk management, etc.)
- New types of demands from society (SDGs, decarbonization, digitization/digitalization, etc.)

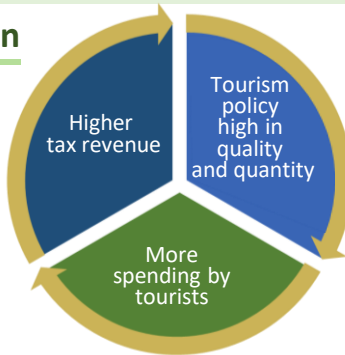
Future of Our Tourism Policy

- Promoting policies developed from the perspective of tourists
- Overcoming the challenges revealed by the COVID pandemic; enhancing our strengths and potentials
- Promoting policies from a macro perspective

Improving tourist satisfaction and convenience, making Hokkaido a *tourism nation*.

2 Positive Cycle of Tourism Promotion

Our new tax will apply to overnight tourists, who will enjoy the resulting services which attempt to overcome various challenges in tourism firsthand. Through this steady flow of supply, we aim to deliver a stable and effective tourism policy: our new tax will create a **positive cycle of economic stimulus in the local economies and tourism promotion**, leading to the rapid and **remarkable growth of Hokkaido tourism, and its steady development**.



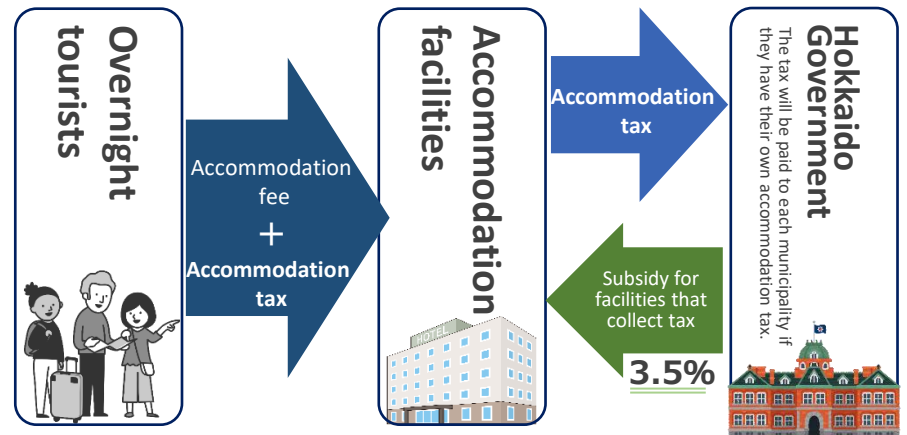
3 Framework of the New Tax

The tax will be applied to **overnight stays**, the option chosen most often by tourists. The tax rate is designed for a **smooth administrative procedure and transparency for tax-payers** (i.e. a simple tax system); **flexible to rises in accommodation fees and the individual's ability to pay**.

Accommodation facilities	Japanese-style inns (Ryokan), hotels, simple lodging facilities, and private lodgings in Hokkaido	
Tax rate	(Left: Accommodation fee per person per night; Right: Tax rate)	
	- ¥19,999	¥100
	¥20,000 - ¥49,999	¥200
	¥50,000 -	¥500
Exemptions	<ul style="list-style-type: none"> • Use of the accommodation for school events, such as school trips • There are no tax exemptions depending on the accommodation fee 	

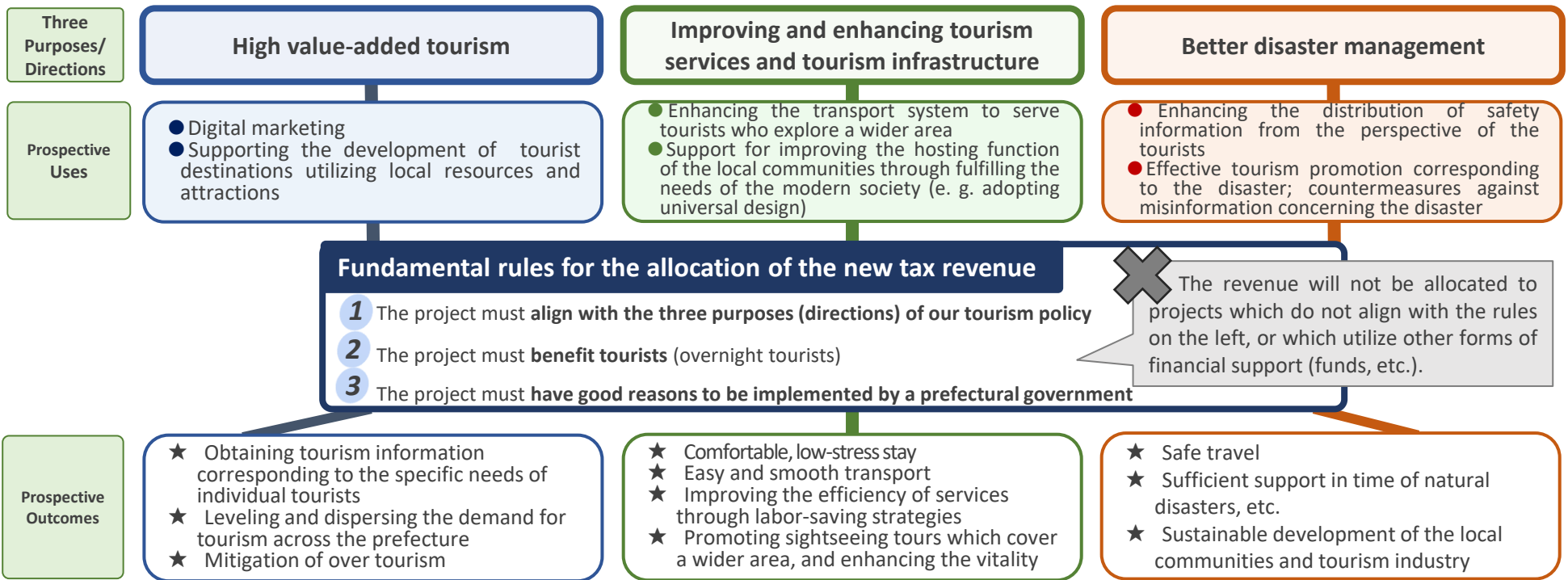
4 How Tax Payment Works

When you stay overnight at an accommodation facility, the accommodation tax will be included in your payment to the facility you stay at. The accommodation facility will temporarily keep your accommodation tax, declare the sum, and deliver it to the Hokkaido Government by a specified date.



5 New Tax: Currently Planned Use (Ideas for how it should be used), Rules of Revenue Allocation, and Prospective Outcomes

We aspire to **maximize the benefits of tourists exploring Hokkaido and their positive effects to local communities**, based on these three purposes/directions of our tourism policy.



6 Building frameworks for the policy promotion and development

In order to develop policy which corresponds to the actual conditions and challenges of tourism in Hokkaido, the **Hokkaido Government, through transparent initiatives, will exchange opinions with local municipalities and accommodation businesses**, and through these exchanges **determine the challenges of tourism in Hokkaido and the direction of individual projects which require our attention**.

Projects to which tax revenue funds will be allocated will be chosen through these opinion exchange initiatives, **in accordance with the "fundamental rules for the allocation of the new tax revenue" cited above**.

※The projects to which the new tax revenue will be allocated will be determined during the annual sessions for budget compilation, followed by discussions by the members of the Hokkaido Legislative Assembly.

